**Market Orientation vs Product Orientation**

New products can be developed either through a product-oriented approach or a market-oriented approach.

**Product Orientation:**

Product orientation is based on the assumption that there will always be a market for the products the company makes. Such product orientation is driven more by technical innovation than by consumer needs. In an interview with Fortune magazine, Steve Jobs (co-founder and former CEO of Apple Inc.),had once said 'We do no market research'. Take the example of the Apple iPhone. Consumers were not aware that such a revolutionary product had been invented and developed, thanks to Apple’s innovation. Other examples of product orientation can be found in the pharmaceuticals and electronics industries. Product orientation rests on the belief that if an innovative product is produced of a good quality, then consumers will purchase it.

* Companies that focus on the product they make, rather than making the products that they can sell.
* Creative and innovative products are launched onto the market and customers will be tempted to buy them.
* Concentration on quality. Consumers are willing to pay a higher price for high-quality products.
* The main **advantages** of product orientation are **quality** can be assured and the company has more **control** over its operations.
* Because the consumer is not engaged in the process there is a higher rate of failure for businesses that use this marketing approach. This is higher risk.

**Market Orientation:**

On the other hand, market orientation aims at satisfying consumer needs through market research and market analysis. Rather than going on what the business thinks is right for the customer, market-oriented business decisions are based on what customers need and want. The 21st century is witnessing a major shift towards market orientation, led by market research to accommodate customer preferences. Apple can also be considered as market-oriented through its constant market research. With increasing competition from Samsung, Apple is taking market research seriously, as acknowledged by the company’s Vice President of Product Marketing.

The Benefits of market orientation:

* The chances of newly developed products failing in the market are much reduced if effective market research has been undertaken first.
* With the high cost of developing new products, such as cars or computers, this is a convincing argument for most businesses to use the market-oriented approach.
* If consumer needs are being met with appropriate products, then they are likely to survive longer and make higher profits than those that are being sold following a product-led approach.
* Businesses have greater flexibility and can respond quickly to changes in the market.

They can also react to the changing market trends quickly.

Read the articles:

https://hbr.org/1988/11/what-the-hell-is-market-oriented

http://smallbusiness.chron.com/advantages-productoriented-businesses-23110.html

Look at the visual:

<http://www.learnmarketing.net/orientations.htm>

Why be market oriented or product oriented?

* Depends on your market: hi-tech products are more likely to be product oriented. Mass consumer markets are more likely to be market oriented.
* Organization and culture will dictate this also. Are the important stakeholders the customer?
* Competition - businesses with less competition tend to be less customer-focused.

Come to class with 3 connections based on your experience from marketing a vacuum and how it related to what you have learned from about Market Orientation and Product Orientation.

We will discuss these questions in small groups in class.

How has globalization influenced the change from product orientation to market orientation?

Look at Coca-Cola, Samsung, Toyota, Hershey's, Dos Pinos, Imperial, and Brit. Are they product or market oriented? What are tactics that some of these companies are using to change from a totally product centered company, if any?

Discuss how our changing lifestyles are affecting companies and the way that they market.